



Payroll Business Line  
FISCAL YEAR 2003 – 2007 PLAN

## **Executive Summary**

**Mission:** Ensure that accurate and timely payroll and related services are provided to 12,000 Department of Energy Federal employees.

**Vision for Near Term:** As a part of the President's Management Agenda and E-Government Payroll Initiative, the Department of Energy (DOE) is moving forward to migrating the payroll functions to the Defense Finance and Accounting Service (DFAS). Additionally, the DOE is implementing plans to deploy and utilize the DFAS time and attendance system that will replace the DOE's outdated Energy Time and Attendance System. These initiatives are expected to be completed by September 30, 2003.

### **Balance Score Card Objectives:**

- **Customers:** Ensure that DOE employees are paid accurately and in a timely manner and that supervisors and financial resource managers receive value added reports.
- **Financials:** Execute the plans to migrate the payroll services to DFAS and implement the DFAS time and attendance system that meets the needs of all DOE stakeholders and also generate efficiencies and savings.
- **Internal Processes:** Evaluate and/or reengineer policies, procedures, and business practices to complement the payroll modernization initiatives.
- **Learning and Growth:** Develop and implement strategies to deploy technology and training to employees, administrative staff, and supervisors so that they become integral partners in the payroll modernization process.

### **Accomplishments:**

- 100% on time payment delivery to employees (100% achieve during the past 23 years)
- Tested and evaluated the DFAS web-based time and attendance system and confirmed the functionalities satisfied DOE requirements including those of the Power Marketing Administrations
- Completed plans to make the DFAS time and attendance available for use in August 2003
- Identified and addressed the gaps between the DFAS payroll system and DOE payroll requirements
- Partnered with DFAS in developing a preliminary strategy to migrate the payroll services from DOE to DFAS in August 2003.
- Via DOECAST and labor management meetings, informed the DOE community about the migration to DFAS
- Increased the percentage of employees who are receiving the paperless Earnings and Leave Statements

## Introduction

Currently, the Capital Accounting Center (CAC) provides payroll and related services for all Department of Energy Federal employees except those in the Federal Energy Regulatory Commission and the Bonneville Power Administration. The services described below are performed for approximately 12,000 employees and are currently supported by three aging information systems: PAYS, ETA and the LDS.

- Prepares civilian payrolls based on authenticated and substantiated documentation. Computes, deposits, and reports Federal, State, and local income taxes.
- Maintains employee records related to Civil Service and Federal Employees Retirement Systems (CSRS and FERS), reports retirement information to the Office of Personnel Management (OPM), and performs reconciliation of account balances with OPM and Treasury.
- Accounts and reports employee's health benefit coverage, thrift savings plans, and unemployment compensation, among other non-salary employee payments.
- Maintains donated leave subsystem.
- Maintains and operates the Department's system of allocating payroll costs to the affected offices and proper appropriations.

After eight years of studies and three attempts to enhance the payroll processes, the DOE has finally and fully committed itself to migrating the DOE payroll functions to DFAS and to implementing the DFAS time and attendance system in the DOE. By making this commitment, DOE will mitigate the risks associated with DOE's aging legacy systems, keep pace with technology, generate efficiencies, and ensure that the internal staff reductions will not jeopardize timely payment to employees. Additionally, DOE will be in the forefront of other Government agencies that are required to migrate to one of three designated Government payroll service providers. For more information please visit <http://chris.inel.gov/payroll>.

**Planning Process:** As in previous years, the CAC and its stakeholders will continue to support the WCF interest and objectives in improving the efficiency of DOE administrative services and providing accurate full-cost budgets. The Payroll Business Line will continue efforts to improve performance that are in line with those of the CFO and the WCF and support the Department's strategic objectives in Corporate Management. The business line will work towards achieving the balanced scorecard objectives and report the progress to the WCF Board on a quarterly and annual basis.

Each year the business line updates its five-year plan using a balanced scorecard approach with objectives, performance goals to measure successes, and strategies to reach objectives. The business line reports progress towards these balanced scorecard objectives to the WCF Board on a quarterly and annual basis. The pricing policies are based on the guidelines provided in the Working Capital Fund Guide to Services and Procedures 2002 (the Blue Book). This guide and other Fund related information is available at <http://www.ma.mbe.doe.gov/wcf>.

The Payroll Business Line recommends that the pricing policy remains at status quo for fiscal year 2004, and that the cumulative annual assessment of \$3.1 million remains the same for fiscal year 2004.

With the planned migration of the payroll services to DFAS and anticipated efficiencies and savings, CAC will closely monitor operational costs and periodically report this information to the WCF Board for its consideration as to whether the pricing policies should be modified for the years beyond 2004 and to mirror the actual payroll operational costs.

**Environmental and competitor analysis:** Since 1994, the Department has recognized and acknowledged that PAYS, ETA, and LDS have not kept pace with new technology and there is considerable risk in the failure of one of these systems. Federal and contractor resources are utilized to maintain the operation of these systems; determine requirements for enhancements to keep pace with changes to regulatory and legislated requirements; and design, program and test those enhancements. While these systems have been adapted to satisfy new regulated and legislated requirements, these systems have not kept pace with technological advances provided by the internet and user interactivity. Furthermore, the reengineering of business processes supporting these services has been hampered by the reliance on aging systems resulting in less than optimal practices.

To address these vulnerabilities and with the WCF Board support, the Payroll Business Line has, in the past year, aggressively directed its resources to outsourcing the payroll function to DFAS. With the continued momentum, the DOE should complete the migration to DFAS by September 30, 2003.

**External regulation and partnerships:** While the implementation activities noted above are ongoing and placing a heavy burden on the payroll staff, the payroll business responsibilities and functions are performed in full compliance with DOE accounting regulations, IRS Tax Codes, Treasury's Fiscal Requirements Manual, and Title 5, Code of Federal Regulations, and Administrative Personnel.

**Resources and capabilities of the organization:** With the approval and support of the WCF Board to continue the pricing policy for fiscal year 2004, the Payroll Business Line should have the resources to continue its path forward to modernize its operations, achieve overall savings, and sustain the high level of quality and expected payroll service for the DOE employees and affected program offices.

**Needs and capabilities of customers:** The Payroll Business Line is very sensitive to the employees' expectations and needs for accurate and timely payroll payments and services. Based on current trends to engage employees more and more in the internet and user interactivity environment, the Payroll Business Line is also fully aware that it needs to develop communication and training strategies for employees' involvement in the payroll modernization initiative. Additionally, the Payroll Business Line realizes that it needs to enhance its accounting reports and utilize web-based platforms so that budget and management officials have user-friendly access to these reports. As a part of the modernization plan, the WCF Payroll Working Group is expected to advise and make recommendations to the Payroll Business Line at critical stages of the modernization plan to ensure the enhancements meet all stakeholders' interests.

## Balance Scorecard Elements

- |  |
|--|
| <b>1. Customer Objective: Ensure that DOE employees are paid accurately and in a timely manner and that supervisors and financial resource managers receive value added reports.</b> |
|--|

The Payroll Business Lines most important mission is to pay employees accurately and in a timely manner. While the CAC appears to be doing a great job, it has not conducted a customer survey of the employees and program offices to validate the efficiency and effectiveness of its services and to identify additional areas of potential improvement.

Performance Goal	Performance Standard
Pay employees on time	100% on-time biweekly disbursement to employees
Deliver payroll T&A and LDS reports on time	100% on time delivery of reports
Achieve satisfactory outcome from survey of employees and program offices	95% of employees responding to survey provide comments that the payroll services are fair to excellent

**Measuring Effectiveness:** The payroll should be processed accurately every two weeks. To date, the Payroll Business Line has consistently made disbursements and delivered reports on a biweekly basis and thereby has sustained the 100% performance objective for many years.

**Relevance to the Department Goals:** The Department's most valuable asset is its Government workforce that relies on receiving accurate and timely payment for services rendered.

**Accountability:** The Director, CAC, is responsible for enhancing and sustaining the payroll operations and is held accountable for operating within fiscal constraints established by the Working Capital Fund.

**Management:** While the Director, CAC, manages the payroll operations, the WCF Payroll Working Group acts in behalf of the WCF Board to monitor and advise the Payroll Business Line in its initiatives and general operations that are financed by the WCF.

**Data Source:** U.S. Department of Treasury records, PAYS, T&A reports, and LDS reports.

**Frequency:** Biweekly

<b>Strategies for Improving Customer Satisfaction</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
Partner with the Office of Human Resource Management to persuade and encourage employees to increase their usage of ESS for submitting changes to payroll entitlements and deductions and receiving personal payroll data.	<b>X</b>	<b>X</b>			
Conduct customer surveys of employees and program offices to validate or enhance quality or timeliness of payroll services		<b>X</b>		<b>X</b>	
Evaluate and initiate appropriate actions to implement customers' recommendations or interest.			<b>X</b>		<b>X</b>
Develop enhanced tools for program offices to independently generate their own reports from the payroll data warehouse.		<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>

**2. Financial Objective: Execute the plans to migrate the payroll services to DFAS and implement the DFAS time and attendance system that meets the needs of all DOE stakeholders and generate efficiencies and savings.**

Modern information systems have features, which support faster processing with improved decision support. The current T&A system is DOS based whereas state of the art Web-based systems have easier to use navigation tools that provide more intuitive flow for the end user. The current legacy systems provide limited tools for analysis and reporting. More importantly, the deteriorating DOE payroll infrastructure (aging systems and staffing reductions) generates unacceptable risks and increases the potential costs to operate and sustain the payroll operations.

Currently, the Payroll Business Lines serves 12,000 employees and this costs the WCF approximately \$260 per person. Excluding the initial investment costs of migrating the payroll functions to DFAS, the estimated cost per person could be reduced to \$68 per person; thereby, the DOE program offices could realize lower WCF charges in the long term.

Performance Goal	Performance Standard
Complete the testing of the DFAS T&A System in the DOE IT environment to flush out and address barriers	Target date: 04/30/03
Develop training plans	Target date: 05/15/03
Establish an interagency agreement with DFAS to finance the initial transition activities and ongoing payroll support services	Target date: 6/15/03
Provide training to timekeepers on DFAS T&A application	Target date: 06/30/03
Complete migration to DFAS and activate the DFAS T&A application	Target date: 08/10/03

**Baseline:** Monitor migration activities and complementing costs and ensure the WCF Board is kept apprised of progress and potential problems.

**Data Source:** Communication and implementation plans and related documents.

**Frequency:** Effective June 2003 and at least monthly thereafter, report progress to the WCF Board

<b>Strategies for Improving Customer Satisfaction</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
Implement an enhanced timekeeping functionality	<b>X</b>	<b>X</b>			
Implement an enhanced labor cost data repository to facilitate the generation of accounting and management reports			<b>X</b>	<b>X</b>	
Enhance employee interaction through ESS	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>



**3. Internal Processes Objective: Evaluate and/or reengineer policies, procedures, and business practices to complement the payroll modernization initiative**

Modern information systems have features, which support faster processing with improved decision support and provides for easier to use navigation tools that provide more intuitive flow for the end user. To take advantage of these functionalities, the Payroll Business Line will partner with the CHRIS-HR community to make DOE more competitive and to fully satisfy the employees' expectation for accurate and timely compensation for their work.

<b>Performance Goal</b>	<b>Performance Standard</b>
Ensure employees receive Earning and Leave Statement on a biweekly basis	100% on-time biweekly delivery to employees
Eliminate paper Earnings and Leave Statements	After migrating the payroll functions to DFAS and by partnering with Labor Relations and local unions and encouraging employees to receive statements electronically, 90% of employees receive electronic Earning & Leave Statements
Empower employees to electronically request and report leave taken	After implementing the DFAS T&A system in DOE, 90% of employees uses web-based T&A application to execute requests and report leave taken

**Baseline:** The payroll Earnings and Leave Statements have been consistently delivered on time; thereby, the Payroll Business Line has sustained the 100% performance objective

**Data Source:** PAYS, T&A reports, and Earnings and Leave Statements

**Frequency:** Biweekly

<b>Strategies for Improving Customer Satisfaction</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
Implement an enhanced timekeeping functionality	X	X			
Enhance employee interaction through ESS	X	X	X	X	X
Reduce paper processing by reengineering T&A process.	X	X			
Increase the percentage of electronic requests for changes to payroll entitlements and deductions	X	X			

- 4. Learning and Growth Objective: Develop and implement strategies to deploy technology and training to employees, administrative staff, and supervisors so that they become integral partners in the payroll modernization initiative.**

<b>Performance Goal</b>	<b>Performance Standard</b>
Develop strategy and plan	Target date: 06/30/03
Implement plan	Target date: 07/31/03

**Baseline:** Utilize plan, monitor progress, and report status to WCF.

**Data Source:** None

**Frequency:** No training cycle or performance measure at this time.

<b>Strategies for Improving Customer Satisfaction</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
Develop strategy and plans	<b>X</b>				
Implement plan with milestones	<b>X</b>	<b>X</b>			
Develop communication plan	<b>X</b>				
Deploy training by regional area	<b>X</b>	<b>X</b>			